Update to MD/CEO and Non-Executive Director Remuneration Arrangements

The Board of **Adrad Holdings Limited** ('ASX: AHL', 'Adrad' or the 'Company') wishes to update the market in relation to changes to the remuneration arrangements concerning its Managing Director/Chief Executive Officer and Chair that were previously announced to the market on 20 February 2026.

Following consultation with shareholders and other key stakeholders, the Board has reviewed the previously announced arrangements and approved a revised structure that is intended to strengthen alignment with shareholders and better reflect contemporary governance practices, whilst preserving the original commercial intent of the arrangement.

Non-Executive Director One-Off Incentive

Following consultation with key stakeholders regarding the potential perception of Mr McGurk's independence arising from the previously announced incentive arrangement, Mr McGurk has elected to withdraw from participating in that arrangement.

The Board places the highest value on its ability to provide independent guidance and oversight to the Company. Consistent with that guiding principle, Mr McGurk's withdrawal from the previously announced incentive arrangement will ensure that his status as an independent non-executive director is preserved.

Mr McGurk remains committed to his role in guiding the Company through its continued growth journey.

Managing Director / CEO Incentives

<u>Long Term Incentive:</u>

Mr Proctor and the Company have agreed to alter the terms of the previously announced Executive Incentive Agreement to better align his interests with the Company's future performance and shareholder outcomes. Specifically, the Board has determined to restructure his long-term incentive award (**LTI Award**) from an all-cash incentive to a part-cash, part-equity incentive.

Having considered a number of factors, including alignment to the Company's overall strategic direction and the desire to ensure that Mr Proctor continues to be appropriately incentivised to lead the Company in the achievement of its ambitious growth objectives, the Company has set the maximum opportunity under the LTI Award for Mr Proctor as follows:

- a cash payment of up to a maximum of $2,000,000 (**LTI Cash Award**); and
- subject to shareholder approval, the issue of 1,015,000 performance rights under the Company's Performance Rights Plan (**LTI Rights Award**).

The LTI Award replaces the previously announced all-cash incentive arrangement. The revised structure provides a maximum aggregate opportunity of $4.0 million, comprising equal cash and equity components, replacing the previously announced uncapped incentive arrangement. The revised structure preserves the commercial intent of the original proposal while strengthening alignment with shareholders and reflecting contemporary governance practices.

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The Company will seek the approval of shareholders for the issue of the performance rights for the purposes of Listing Rule 10.14 and Chapter 2E of the Corporations Act at its 2026 Annual General Meeting.

The key terms of the LTI Award are as follows:

Performance period:	1 September 2025 to 31 August 2027[1]
Type:	<u>LTI Cash Award:</u> Maximum cash payment of $2,000,000. <u>LTI Rights Award:</u> Subject to receipt of shareholder approval, the issue of 1,015,000 performance rights under the Company's Performance Rights Plan.
Eligibility condition:	The MD/CEO must remain continuously employed by the Company for the duration of the performance period.
Performance condition:	Eligibility to receive the cash payment and the performance rights will be calculated based on absolute Total Shareholder Return (**TSR**) during the performance period. Mr Proctor's ultimate entitlement to the LTI Award will be determined as follows: • Below 15% TSR: No entitlement to cash payment and no entitlement to performance rights. • 15% or greater but less than 175% TSR: Entitlement to cash payment and performance rights is calculated on a straight line basis up to maximum award. • 175% and above TSR: Full entitlement to cash payment and performance rights. The 175% TSR threshold has been calibrated to deliver the maximum award outcome at approximately the same level of shareholder value creation as contemplated under the original arrangement announced on 20 February 2026, after factoring in expected dividend payments over the performance period. Payment of the LTI Cash Award will occur within 30 days of the end of the performance period. The performance rights to which Mr Proctor becomes entitled in accordance with the above scale will be subject to a deferral period, and will only vest and become convertible into fully paid ordinary shares in the Company, on 30 September 2028 subject to Mr Proctor remaining employed by the Company as at that date.

[1] This period is consistent with the performance period for the original Executive Incentive Agreement announced to ASX on 20 February 2026.

	TSR for the performance period will be measured by comparing the 30-day volume weighted average price (**VWAP**) of the Company's shares for the period commencing on the trading day immediately following the date of release to ASX of the Company's FY27 financial results against a share price of $0.74[2].

Short Term Incentive:

Consistent with the Company's announcement on 28 July 2025 with respect to Mr Proctor's appointment as CEO, Mr Proctor has been invited to participate in the Company's annual short-term incentive plan in respect of the year ending 30 June 2026 with a maximum potential STI of 50% of his base salary ($300,000) (**STI Award**).

As Mr Proctor is a director of the Company, the proposed grant of performance rights as part of the STI Award is subject to shareholder approval at the 2026 Annual General Meeting under Listing Rule 10.14.

The key terms of the STI Award are as follows:

Type:	STI Cash Award Maximum cash payment of 25% of base salary ($150,000). STI Rights Award: Subject to receipt of shareholder approval, the issue of performance rights under the Company's Performance Rights Plan equal in value to 25% of base salary ($150,000).
Performance period:	The financial year ending 30 June 2026.
Performance conditions:	Eligibility to receive the STI Award will be calculated based the achievement of the following key performance indicators (**KPIs**): • a Board-approved net profit after tax target for FY26 (**NPAT Metric**); and • a Board-approved Work Health & Safety metric (**WH&S Metric**). The KPI scorecard is weighted 90% towards the NPAT Metric and 10% towards the WH&S Metric. Payment of the STI Cash Award will occur within 30 days after the release of the Company's FY26 financial reports. If Mr Proctor satisfies the required KPIs, the number of performance rights to be issued will be calculated by dividing the achieved value of the STI Rights Award (up to $150,000) by the 30-day VWAP of the Company's shares for the period ending 30 June 2026. This provides

[2] The base share price is consistent with the share price used to calculate the 'Base Valuation' as described in the original Executive Incentive Agreement announced to ASX on 20 February 2026.

	certainty of the number of rights at the time of shareholder approval. The performance rights issued to Mr Proctor under the STI Rights Award will be subject to a deferral period of six months following the date of issue, after which they will vest and become convertible into fully paid ordinary shares in the Company, subject to Mr Proctor remaining employed by the Company as at that date.

This announcement is authorised for release by the Board of Directors of Adrad Holdings Limited.

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For more information, please visit http://adradholdings.com.au/